

TO: Carolyn Levy
 FROM: Distribution System Information / Bruce Neidle
 SUBJECT: B&W Discount Incremental Performance

DATE: December 6, 1995

The following is in response to your question regarding the difference between B&W's Discount performance based on Shipments versus Nielsen on the Incremental Analysis Report.

divergence
Conclusion *different measures*

The inconsistency is due to different methodologies used to calculate incremental performance in the two data sources. Applying the same share based methodology, B&W's discount incremental gains are relatively consistent in both Shipments and Nielsen.

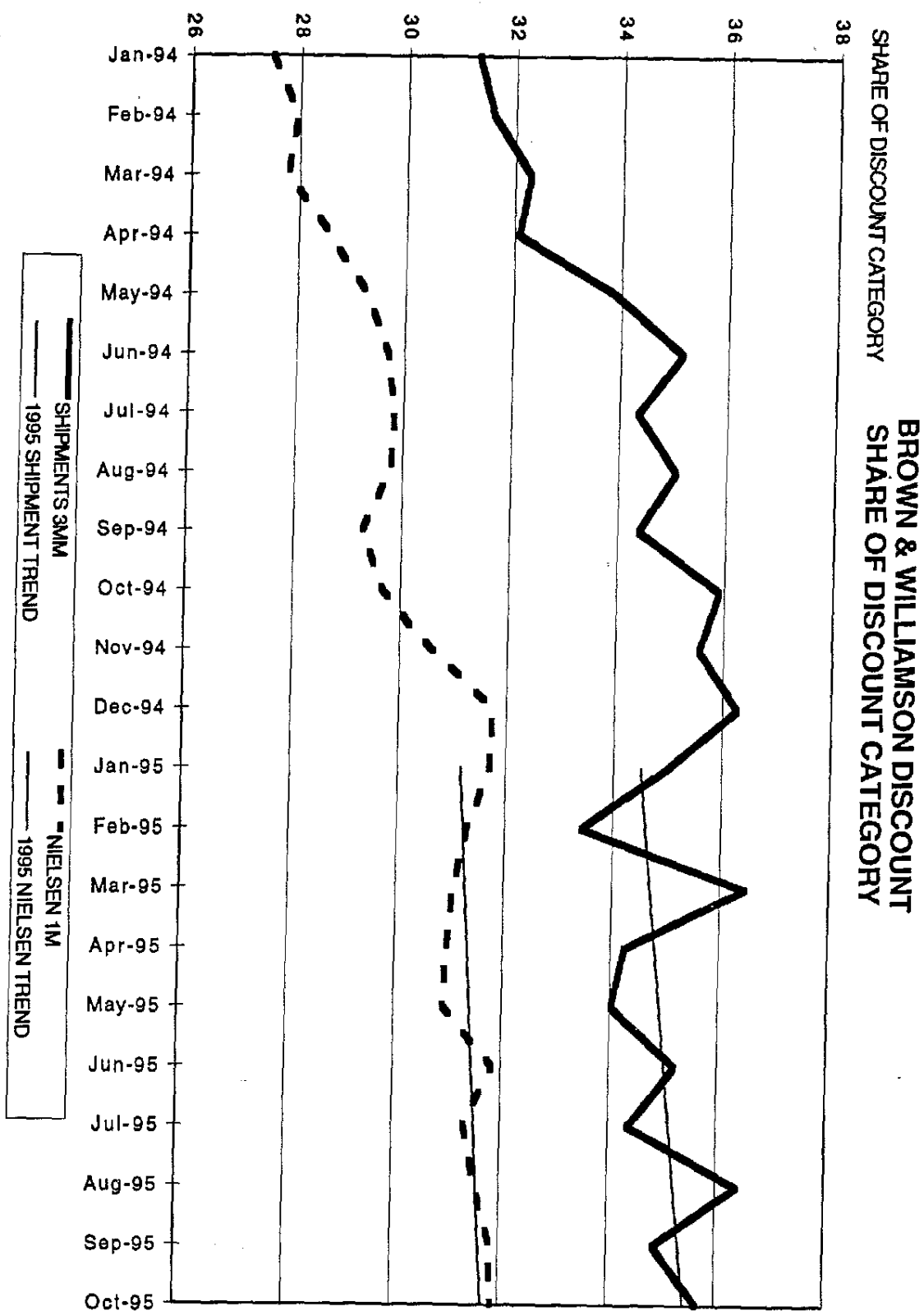
Findings

- On a year-to-date basis, total industry discount shipments declined by -12.0 billion units versus year-ago, with Brown & Williamson accounting for -2.4 billion units of the decline.
- Although this -2.4 billion unit loss represented a negative incremental performance (-20%), it was significantly below B&W's fair share loss (given that B&W holds 35% of the category).
- Accordingly, from a shipment share perspective, B&W's Discount performance was positive (+1.35 share points versus year-ago), representing an +82% incremental gain (as compared to an +87% gain in Nielsen for the same time period).

DISCOUNT SHIPMENTS - YTD 10/95				
SHIPMENT VOLUME				PERCENT
	YTD 94	YTD 95	VOL DIFF	GAIN/LOSS
P.M. Discount	35,349	32,149	-3,201	-26%
RJR Discount	44,741	38,711	-6,030	-49%
B & W Discount	44,791	42,389	-2,403	-20%
Lorillard Discount	1,310	1,496	186	100%
Liggett Discount	6,978	6,411	-567	-5%
Tot Discount Category	133,170	121,156	-12,014	
SHIPMENT SHARE OF DISCOUNT CATEGORY				PERCENT
	YTD 94	YTD 95	SHR DIFF	GAIN/LOSS
P.M. Discount	26.54	26.54	-0.01	-1%
RJR Discount	33.60	31.95	-1.65	-99%
B & W Discount	33.63	34.99	1.35	82%
Lorillard Discount	0.98	1.24	0.25	15%
Liggett Discount	5.24	5.29	0.05	3%
Tot Discount Category	100.00	100.00	0.00	

cc:
 G. Bible
 E. Gawronski
 C. Levy
 J. Morgan
 M. Szymanczyk

2060069925



9266900902